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PART I

IMPORTANT GOVERNMENT ORDERS

CHIEF SECRETARIAT

Relief to Coffee Planters in the State.

READ—

Government Order No. R. 1040-9—L. R. 97-39-2, dated 11th August 1939, appointing a Committee to suggest further measures for the stabilisation of the Coffee Industry.

2. Government Order No. R. 1496-508—L. R. 97-39-11, dated 5th September 1939, appointing Messrs. G. S. Hameed and T. B. Malle Gowda, M.L.C., as additional members of the above Committee.

3. Letter No. C. 2796—39-40, dated 22nd December 1939, from the Revenue Commissioner in Mysore, submitting the report of the Committee.

ORDER No. R. 6430-42—L. R. 97-39-26, DATED BANGALORE, THE 8TH MAY 1940.

On representations made to Government that, owing to the fall in the price of coffee, the planters, particularly those of limited means, were finding it difficult to get financial accommodation to meet the working expenses of their estates, a scheme for granting takkavi loans to planters was sanctioned tentatively for a year in June 1936, and is being continued from year to year. This scheme was intended to meet a situation which, it was hoped, would be temporary. The slump in prices has continued for several years, and representations were made to the Government for the liberalisation of the system of granting advances and for the adoption of measures for assisting the industry on a scale commensurate with its present needs.

2. Government appointed a Committee consisting of the undermentioned officers and non-official gentlemen to study the situation and submit its recommendations. It was requested to investigate the condition of the industry and

the adequacy or otherwise of the existing credit facilities available to the planters and to suggest, if necessary, any further measures that might appropriately be taken directly or through State-aided agencies, in order to stabilise the industry. The Committee has considered the matter referred to it and has now submitted its report.—

1. The Revenue Commissioner (Chairman).
2. The Director of Agriculture.
3. Mr. M. A. Sreenivasan, Government Director of Industrial Concerns.
4. The Deputy Commissioner, Kadur District.
5. *Dharmapravartha* Mr. M. L. Nagappa Setty.
6. Mr. A. Middleton.
7. ,, R. C. Morris.
8. ,, Sylvester Pais.
9. ,, S. N. Ramanna.
10. ,, G. S. Hameed.
11. ,, T. B. Malle Gowda, M.L.C.

3. The Committee has stated that the present position of the coffee industry is not satisfactory and that the industry is in need of immediate and substantial assistance. In its view the causes that have adversely affected the industry are the unsteady and low price of coffee for a number of years, the increase in the cost of cultivation and the fitful monsoons in recent years. It has observed that the planters have not been receiving sufficient accommodation from their banks, that those who are heavily indebted in particular are experiencing serious difficulty in this respect and that consequently the expenditure on cultivation in most of the estates has been considerably curtailed, resulting in a reduction in the yield from them. It has further observed that the Government takkavi loans are inadequate and that the benefit of the loan scheme reaches only a small proportion of the planters as most of the estates are encumbered and it is difficult to obtain the consent of the prior mortgagees for a preferential claim in respect of a Government loan. It points out that in the case of coffee estates, unlike other agricultural lands, the scale of expenditure for the maintenance of the estates cannot be lowered without serious detriment to the estates.

4. The Committee is of opinion that help to owners of coffee estates may be rendered in two directions, namely, by relieving them of the burden of the high rate of interest which some of them are paying on loans contracted in the past and by rendering them the necessary assistance to carry on the cultivation of the estates. As regards the first suggestion—the reduction in the rate of interest—the Committee considers that the industry is, in its present condition, not capable of bearing a higher rate of interest than 4 or 5 per cent and that the Bank of Mysore, Ltd., the principal creditor in most cases, should be advised to lower the rate of interest to 4 or 5 per cent simple interest for a period of five years for the present, and either advance money itself for the maintenance of the estate at this rate or allow priority of claim to Government for advances made by the latter which, it is suggested, should be equal to half the value of the crop. It adds that, in the event of the Bank not agreeing to this proposal, necessary legislation should be enacted to this effect.

5. The main agencies financing the planters at present, excluding Government, are the Bank of Mysore, Ltd., and other joint-stock banks and Marwari and other bankers who are charging varying rates of interest on the advances made by them. It is understood that the banks have been finding it difficult to recover the loans which were issued in the past and that, in recent years, they have suspended the issue of further advances for the working expenses of the estates except in cases in which the estates have come under their control, having been brought in by them in Civil Court sales. At the same time, it is stated that the banks are not unwilling to continue credit, and show substantial concessions in regard to the rates of interest to borrowers who have the desire and capacity to repay the old debts within a reasonable time. The matter is primarily one for negotiation between the parties concerned. For obvious reasons, it would be neither expedient nor practicable to prescribe special rates of interest in respect of debts borrowed by the coffee planters. The Money Lenders Act which has been recently enacted has prescribed in Sections 14 and 15 certain maximum rates of interest which have been considered to be fair and reasonable. These provisions are available to the coffee planters in

common with other debtors. Government do not feel justified in legislating for special rates of interest solely for the benefit of indebted coffee planters.

6. Government, however, consider that planters of limited means—particularly those whose estates are encumbered and who are consequently unable to get accommodation from other sources for the maintenance and working expenses of their estates—should be enabled to avail themselves of the facilities afforded by the takkavi loan scheme in a larger measure than at present. It has been brought to the notice of Government that the creditors to whom the estates have already been mortgaged do not often consent to the Government advances being treated as the first charge on the estates. At the same time, it is understood that they would not object to the takkavi advances being made a first charge on the crop, as this arrangement would help the planters to obtain accommodation from Government and maintain the estate in a proper condition, thereby enhancing the creditors' security for the prior loans. Government, therefore, direct that the loan advanced under the coffee takkavi loan scheme should be a first charge on the crop of the year in which the loan is granted and also on the crop of the following year, if the entire advance is not recovered from the crop of the year in which the advance was given. Such a provision would enable the allotment made in the budget for takkavi advances being utilised more fully than hitherto. The allotment will also be increased suitably if, as a result of this provision, there is a larger demand for takkavi loans.

7. The Committee has observed that the coffee industry has had to face another trouble due to the war and that in view of the difficulties of shipping, the export of coffee outside India will naturally decrease and that it is, therefore, very necessary to find a market in India itself. It has suggested that a cess of four annas per acre may be levied and the realisations from the cess supplemented by an equal amount contributed by Government, may be placed with the Indian Coffee Cess Committee for enabling it to carry on a more vigorous propaganda to popularise coffee in India.

8. Government agree with the Committee in this view, but as the levy of a cess for this purpose might not be viewed with favour by the planters as a body, they do not consider it expedient to levy any additional cess for this purpose at present. They will, however, be prepared to consider the question of giving a moderate subvention not exceeding 50 per cent of the net cost, for any well-considered scheme proposed by the Indian Coffee Cess Committee or by a responsible body of planters, which is calculated to promote the consumption of Mysore coffee in the country.

9. Various other suggestions for improving the condition of the planting community have been made by the Committee—

(i) that a moratorium for a period of five years should be declared in respect of the debts of the coffee planters and that, where suits have already been filed or decrees obtained, further proceedings should be stayed, and

(ii) that the present maximum limit of Government takkavi loan, *viz.*, Rs. 30 per acre should be increased to Rs. 50 per acre.

10. It has been represented that the coffee planters are very heavily indebted and that these old debts have been pressing hard on them and they are finding it difficult to meet even the ordinary interest charges. The creditors are also reported to be rushing to courts and attempting to obtain decrees and bring the estates to sale. A suggestion has been made that a moratorium for at least a period of five years in respect of these debts may be declared so that the planters might tide over the present period of depression and that even the transactions which have been concluded by the sale of properties in Civil Courts and by delivery of possession of properties to the Civil Court purchasers, may be re-opened and the properties restored to their original owners subject to necessary conditions. Government consider that such a measure is neither practicable nor justifiable. The Debt Conciliation Act has been in force in the Koppa Taluk for nearly two years and the Act has recently been introduced into the Chikmagalur and Mudgere Taluks in which the bulk of the coffee estates are situated. Under Section 26 of this Act, on the filing of an application before the Board, the suit or other proceeding then pending before the Civil Courts could be suspended until the application is disposed of by the Board. The planters would thus get the desired relief by getting proceedings instituted before the Debt Conciliation Board.

11. As regards the suggestion for increasing the present limit of loan of Rs. 30 per acre to Rs. 50 per acre, Government consider that having regard to the average realisations from the crops, the limit now prescribed is quite reasonable and does not admit of any enhancement. If, in addition to the cash advances made under the takkavi loan scheme, the cost of spraying and of spraying materials supplied by the Agricultural Department is taken into account, the aggregate amount advanced by Government may often be as much as Rs. 45 per acre.

12. In this connection, it has been suggested that the advances made to a planter by the Revenue and Agricultural Departments might be consolidated and treated as a single loan for the purpose of recovery. The Revenue Commissioner is requested, in consultation with the Director of Agriculture, to report if this proposal can be adopted with advantage.

B. T. KESAVIENGAR,
Chief Secretary to Government.

Bifurcation of Dakhle Kebbahalli from Asli Inam Gowdagere in the Mandya Taluk.

READ—

Government Order No. R. 4643—L. R. 39-30-5, dated 5th April 1932, ordering that the Shanbhogi hak of Dakhle Kebbahalli Village in Mandya Taluk may be restored to Shanbhog Narasimhaiya of Keragode Village, Mandya Taluk.

2. Letter No. 4811—39-40, dated 13th April 1940, from the Revenue Commissioner in Mysore, recommending sanction to the bifurcation of Dakhle Kebbahalli from Asli Inam Gowdagere as noted below:—

	Asli Gowdagere			Kebbahalli (Dakhle)		
	Extent		Assessment	Extent		Assessment
	A.	g.	Rs. a. p.	A.	g.	Rs a. p.
Occupied ...	527	16	798 12 0	1,206	7	810 8 0
Phut Kharab ...	138	10	...	593	36	...
Total ...	388	26	708 12 0	612	31	810 8 0

ORDER NO. R. 6505-9—L. R. 629-39-2, DATED BANGALORE, THE 10TH MAY 1940.

The Deputy Commissioner, Mandya District, has reported that Murthi Rao, son of Shanbhog Narasimhaiya, Keragode Village, Mandya Taluk, has, in accordance with Government Order read above, requested that he may be allowed to look after the Shanbhogi office of Dakhle Kebbahalli Village separating it from the Asli village. It is reported that Government having directed in Government Order dated 5th April 1932 that Chandrasekhariah is entitled to the Shanbhogi office of Asli Gowdagere and Narasimhaiya, father of Murthi Rao (the petitioner), to that of Dakhle Kebbahalli Village, notifications inviting objections to the proposed bifurcation were published in the Gazette and that three objection petitions were received in the matter. The local officers consider that these objection petitions are untenable. It is further reported that the District Survey Officer, Mysore, who was consulted in the matter, has opined that the villages may be bifurcated. In these circumstances, the Revenue Commissioner recommends that the Shanbhogi firka may be bifurcated.

2. Government are pleased to sanction the recommendation of the Revenue Commissioner.

A. N. RAGHAVACHAR,
Chief Secretary to Government.
(In-charge.)